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Deng Xiaoping

BUILD SOCIALISM WITH CHINESE CHARACTERISTICS



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LEARNING RESOURCE
CENTRE
GRANT MacEWAN
COMMUNITY COLLEGE

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PUBLISHER'S NOTE

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EDITORIAL NOTE

In his opening speech at the Twelfth National Congress of the Chinese Communist Party, Comrade Deng Xiaoping summed up China's long years of experience and focused on an important idea, namely, that we must integrate the universal truth of Marxism with the concrete realities of China, take our own road and build a socialism with Chinese characteristics. This idea has become the guiding principle for modernizing China. Since the Party's Twelfth National Congress, he has elaborated on this idea in many talks and speeches. With his permission, we have edited and published his opening speech at the Party's Twelfth National Congress as well as other talks and speeches concerning this concept.

*Department for the Research of
Party Literature, Central Committee
of the Communist Party of China*

December 1984

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OPENING SPEECH AT THE TWELFTH NATIONAL CONGRESS OF THE COMMUNIST PARTY OF CHINA

September 1, 1982

Comrades,

I now declare the Twelfth National Congress of the Communist Party of China open.

There are three main items on our agenda: (1) to consider the report of the Eleventh Central Committee and decide on the Party's programme for opening up new prospects in all fields of socialist modernization; (2) to consider and adopt the new Constitution of the Communist Party of China; and (3) in accordance with the provisions of the new Party Constitution to elect a new Central Committee, a Central Advisory Commission and a Central Commission for Discipline Inspection.

When these tasks have been accomplished, our Party will have clearer ideological guidelines for socialist modernization, our Party building will conform more closely to the needs of the new historical period, and new cadres will be able to cooperate with old cadres and succeed them in the Party's highest organs, which will constitute an even more vigorous and more militant leadership.

A review of the Party's history will prove this congress to be one of the most important since our Seventh National Congress.

The Seventh Congress, held in 1945 under Comrade Mao

Zedong's chairmanship, was the most important in the period of democratic revolution after the founding of our Party. The delegates summed up the historical experience gained in the tortuous development of that revolution during the preceding quarter of a century, formulated a correct programme and correct tactics and overcame the wrong ideas inside the Party. They thus achieved a unity of understanding based on Marxism-Leninism and Mao Zedong Thought. As a result, the Party became more united than ever before. It was the Seventh Congress that laid the foundation for the nationwide victory in the new-democratic revolution.

The Eighth Congress of the Party in 1956 analysed the situation following the basic completion of the socialist transformation of private ownership of the means of production and presented the nation with the task of all-round socialist construction. Its line was correct. However, because the Party was still inadequately prepared ideologically for all-round socialist construction, that line and the many correct views put forward at the congress were not fully implemented. After the Eighth Congress, we achieved many successes in socialist construction, but we also suffered serious setbacks.

The present congress is being held in circumstances vastly different from those prevailing at the time of the Eighth Congress. Just as the quarter century of tortuous development of our democratic revolution before the Seventh Congress taught the Party the laws governing that revolution, so the quarter century of tortuous development of our socialist revolution and construction since the Eighth Congress has taught the Party other profound lessons. Since the Third Plenary Session of the Eleventh Central Committee [December 1978], the Party has returned to its correct policies in the economic, political, cultural and other fields. In addition, after a study of the new situation and new experience, it has adopted a series of correct

new policies. Compared with the time of the Eighth Congress, our Party now has a much deeper understanding of the laws governing China's socialist construction, has much more experience and is much more conscious and determined in implementing correct principles. We have every reason to believe that the correct programme that will be decided on at this congress will create a new situation in all fields of socialist modernization and bring prosperity to our Party, our socialist cause, our country and the people of all our nationalities.

In carrying out our modernization programme we must proceed from Chinese realities. Both in revolution and in construction, we should also learn from foreign countries and draw on their experience. But the mechanical copying and application of foreign experiences and models will get us nowhere. We have had many lessons in this respect. We must integrate the universal truth of Marxism with the concrete realities of China, blaze a path of our own and build a socialism with Chinese characteristics — that is the basic conclusion we have reached after reviewing our long historical experience.

China's affairs should be run according to China's specific conditions and by the Chinese people themselves. Independence and self-reliance have always been and will always be our basic stand. While we Chinese people value our friendship and co-operation with other countries and other peoples, we value even more our hard-won independence and sovereign rights. No foreign country should expect China to be its vassal, nor should it expect China to accept anything harmful to China's interests. We will unswervingly follow a policy of opening to the outside world and actively increase exchanges with foreign countries on the basis of equality and mutual benefit. At the same time, we will keep clear heads, firmly resist corruption by decadent ideas from abroad and never permit the bourgeois way of life to spread in our country.

We, the Chinese people, have our national self-respect and pride. We deem it the highest honour to love our socialist motherland and contribute our all to her socialist construction. We deem it the deepest disgrace to impair her interests, dignity and honour.

The 1980s will be an important decade in the history of our Party and state. To step up socialist modernization, to strive for China's reunification and particularly for the return of Taiwan to the motherland, and to oppose hegemonism and work to safeguard world peace — these are the three major tasks of our people in the 1980s. Economic construction is at the core of these tasks; it is the basis for the solution of our external and internal problems. For a long time to come, at least for the 18 years till the end of the century, we must devote every effort to the following four tasks: to restructure the administration and the economy and make our cadre ranks more revolutionary, younger, better educated and more competent professionally; to build a socialist civilization which is culturally and ideologically advanced; to combat economic and other crimes that undermine socialism; and to rectify the Party's style of work and consolidate its organization on the basis of a conscientious study of the new Party Constitution. These will be the most important guarantees that we will keep to the socialist road and concentrate our efforts on modernization.

With 39 million members, ours is now a large Party playing a leading role in the exercise of state power. However, the Communist Party members will always be a minority in the population as a whole. None of the major tasks proposed by the Party can be accomplished without the hard work of the people. Here, on behalf of the Party, I wish to pay high tribute to all workers, peasants and intellectuals who have worked diligently for socialist modernization and to the People's Liberation

Army — that Great Wall of steel safeguarding the security and socialist construction of our motherland.

China's democratic parties fought together with our Party in the period of the democratic revolution, and together with us they have advanced and been tested in the socialist period. In the construction work ahead, our Party will continue its long-term co-operation with all patriotic democratic parties and patriotic democrats. On our Party's behalf, I wish to express sincere gratitude to all the democratic parties and to all our friends without party affiliation.

The cause of our Party has enjoyed the support and assistance of progressive people and friendly countries throughout the world. On behalf of our Party, I wish to express our sincere thanks to them.

We must do our work carefully and well. We must strengthen our Party's unity with the people of all nationalities in our country and with the people of the world. We must struggle hard to make China a modern socialist country that is highly democratic and culturally advanced. We must also strive to oppose hegemonism, safeguard world peace and promote human progress.

DECIDE ON MAJOR CONSTRUCTION PROJECTS, MAKE PROPER USE OF THE TALENTS OF SCIENTISTS AND TECHNICIANS

October 14, 1982

The goal to be achieved by the end of the century has been set, that is, quadrupling the gross annual industrial and agricultural product in twenty years, assuming a steady improvement in economic efficiency. Can it be achieved? The Twelfth National Congress of the Party says it can. And I also believe it can. But whether it really can be achieved depends on the success of our work in the years to come. At least, adequate preparations must be made over the next three years. In addition to construction projects in the plan, you have proposed a number of essential surveying and design projects in order to make advance preparations necessary for the construction projects themselves. These preparations must be made conscientiously. Obviously, this necessitates carrying out energy and other key projects. We must concentrate on these projects, whatever the difficulties. If money and materials are lacking, we must cut back local projects, especially those of ordinary processing industries. For no matter how many of these minor projects we complete, they won't get us anywhere.

These essential surveying and design projects involve all trades and professions, and the relevant departments must attend to them and begin as soon as possible such preliminary

A talk with a senior comrade of the State Planning Commission.

work as scientific and technological research, technical and economic assessments, surveying and design. There must be a timetable for surveying and design, and there must be people who will take charge of making full preparations and monitoring the undertaking. Otherwise we won't be able to start, even when the money is available. This preliminary work has to be done before we can use foreign investment and invite foreign experts.

The period of twenty years is divided into two decades. The first decade prepares for the second. Preparation takes time, and we are in a race against time. We must be very serious about this. We must determine priorities among the various projects. We should concentrate our funds on projects that can be undertaken first. If some can be started a year earlier, we will get benefits a year earlier. Things must not be allowed to drag on into the next century. Of course, some very large projects cannot be undertaken all at once.

Preliminary work includes the development of agriculture. Agricultural growth hinges first on policy and second on science. Science and technology are limitless in their development and effect. Seed, fertilizer and diversification all have great potentialities. All else being equal, improved seed varieties will lead to a marked increase in production. Scientific use of fertilizers is highly effective. And there are good prospects for fresh water fishery. Some provinces abound in ponds and lakes. Farmers can get rich quickly by raising fresh-water fish to meet urban needs. There is also the feed industry which must be developed. In addition to the application and development of relevant science and technology, plenty of organization work is needed in improving seeds and promoting the feed industry.

The preliminary work for the numerous major construction projects requires the mobilization of large numbers of

scientists and technicians. Organizing these people to tackle key problems in science and technology is also a demanding task. We do have talented people, but the problem is how to organize them properly, arouse their enthusiasm and give scope to their talents. On the one hand, there is a great demand for scientists and technicians. On the other hand, there are cases of serious waste, because they are not assigned enough work due to poor organization, or cannot apply what they have learned or put their specialized skills to best use. We should consider the problem of organizing and managing scientists and technicians, because the present method of management doesn't work. How to use their talents and use them properly is quite a problem. Economically developed countries all attach great importance to this matter. Scientists and technicians are employed in national defence and civilian departments, scientific research units and institutes of higher education. There must be unified management if we are to break down the barriers between departments and between regions and make use of available talent. This cannot be done unless we have an authoritative organization. The organization should be in charge of scientists and technicians in both civilian and national defence departments. Comrade Nie Rongzhen took such charge in the past, and things were in good order. Personnel could be transferred according to need and employed in large numbers for key projects. The first priority in quadrupling industrial and agricultural production in twenty years and implementing the policy towards the intellectuals is better management of scientists and technicians. This is the most pressing problem, and efforts should be made to solve it — and as quickly as possible.

Naturally, there is also the question of policy. People must be put in charge of planning, designing and examining all major construction projects. Each project must be undertaken by several truly competent persons who will serve as a leadership

core and be responsible for recruiting the rest of the staff. They know where to find these people and get them organized. If everything is left to the planning commission, the pace will bog down. Some projects may be entrusted to universities or colleges, with a number of scientists and technicians transferred there to join in the work as needed. Competent people will come to the fore in the course of practice. They should be promoted unhesitatingly and placed in key posts. They will mature only when we are bold in employing them. With talented people growing in numbers, our cause will be promising indeed. People of real ability should be especially promoted in wage and rank. On the other hand, some people could be transferred to other work with a wage cut if, year after year, they fail to produce anything useful. We should increase material benefits to those who are talented or competent (not all intellectuals are). For their part, they should work conscientiously and as best as they can and not fuss over their wages. But as far as the leadership is concerned, it should take a comprehensive view and raise the wages of those who are deserving.

Inviting people to apply for jobs is good. We have to devise standards and methods for selecting and appraising scientists and technicians.

OUR WORK IN ALL FIELDS SHOULD CONTRIBUTE TO THE BUILDING OF SOCIALISM WITH CHINESE CHARACTERISTICS

January 12, 1983

According to latest statistics, the gross industrial and agricultural production increased by 8 per cent in 1982, 4 per cent higher than the planned figure. This raises the question: What will come of achieving a much higher growth rate than projected in the annual plan? What has caused such a high growth rate? What are the major commodities that have been produced in excess of the plan? Will these products be overstocked? Will it affect state investment in key development projects? We must investigate this issue right away and make an accurate analysis. However, this doesn't mean we should alter our Sixth Five-Year Plan. Long-term plans should be more flexible, while annual plans should be more specific though, of course, there should be some flexibility too. Our experience shows that whenever our plan was overambitious, we overreached ourselves. This has been a bitter lesson for us. We are already aware of this mistake and will continue to guard against it in the future. But now we face the opposite situation. What happens when an excessive growth rate is achieved — excessive because the targets were set too low?

Summary of a talk with senior comrades of the State Planning Commission, State Economic Commission and agricultural departments.

Nineteen eighty-two was the first year this happened. We must analyse this situation to find out why. We should pay close attention to the formulation of annual plans and must not neglect it. And we should stress economic efficiency, instead of going after gross national product and the percentage increases alone. In short, the principles for drawing up plans are: they should be specific, flexible and achievable with exertion.

There should be a comprehensive plan for agricultural production. To quadruple agricultural output, we should give priority to increasing grain production. But we cannot reach our goal if we concentrate solely on grain production. We must carefully work out a minimum target for grain to be produced by the year 2000 so that each person will have enough. One way or another, we must produce adequate grain to reach this target by the year 2000, which is a goal of strategic importance. In China, each person usually consumes 200 to 250 kilogrammes of grain a year. The remaining grain goes for seeds, animal feed and industrial uses. To produce adequate grain is no easy thing; it calls for efforts by various sectors. The overall plan should include specific means by which to achieve this goal. For instance, there should be separate figures for the amount of grain to be increased through the use of more fertilizer, through the use of improved varieties of seeds, through better management, through improved capital construction as well as other means. Increased fertilizer application is a reliable means of boosting production. The fertilizer should be of guaranteed quality. We should make it our policy to expand the chemical fertilizer industry. If we decide on this course, we must invest in chemical fertilizer plants. The selection of good seeds is another reliable method of increasing production. Take rice for example. Good hybrid seed varieties can increase rice production. Specialized seed companies should be established. They must have plots of land for experiments and engage in

scientific research. It should be stipulated by law that good varieties of seeds be sown and there be regular renewal of seeds. The state should provide loans to poor rural areas in the form of seed and fertilizer. Farm capital construction should be included in the plan. A schedule is necessary, and investments must be guaranteed in all these undertakings. We should never forget that agriculture is the foundation of our economy.

Quadrupling agricultural production relies primarily on diversification. There are two obvious directions to take: one is to develop animal husbandry and the other is forestry and the growing of fruit. We should expand the raising of cattle, sheep, chicken and fish in the suburbs of large and medium cities. The state can provide support in the form of good breeding stock and feed. The whole nation should attend to feed processing. Several hundred modern feed plants should be built. Feed production should be treated as a sector of industry, and a major one at that.

Agriculture has great potential waiting to be tapped, but we haven't even started outlining general goals yet. Agronomists have made many good suggestions. We must step up scientific research and the training of competent personnel. We must apply science in all our endeavours to enhance crop yield per unit area, diversify our agriculture, change farming and cultivation methods, solve the energy problem in rural areas, protect the environment and so on. We must focus our efforts on key projects in agricultural science.

Some people in rural areas and cities should be allowed to get rich before others. It is only fair that people become prosperous through their own hard work. It is good for some people and some regions to be prosperous first, a development supported by everyone. This new way is better than the old. In agriculture, I favour the system of contracted responsibility

over larger tracts of land. There is still something to be desired in this respect. In short, we should regard the promotion of socialism with Chinese characteristics, the nation's prosperity and the people's welfare and happiness as the criteria for judging whether we are doing the right thing in all fields of our work.

TAP INTELLECTUAL RESOURCES

March 2, 1983

I recently travelled from Jiangsu to Zhejiang and from there to Shanghai. On this trip I found things were going very well. People were in high spirits. There were many new houses, there were plenty of consumer goods on the market, and cadres were brimming over with confidence. Prospects are obviously bright for our four modernizations. There should be more detailed planning for quadrupling the annual gross national product by the end of the century. Every province or municipality should have a specific plan so that it knows exactly what to do. We must help the provinces and municipalities solve their most pressing problems and thus create the conditions for completing their plans on a realistic basis.

Industrial and agricultural output in Jiangsu Province has a gross annual value of over 73 billion yuan, that is, 1,200 yuan per capita or nearly double the per capita income of 1976. I asked comrades in Jiangsu how they had done it. They said they resorted to two measures. One was to rely on technicians from Shanghai. Many of them had retired and left Shanghai and were recruited in Jiangsu. They are highly skilled, and you don't have to pay much to get them. They are ready to accept work with some additional wages and a few rooms to live in, and they have played an important role in increasing production. Many cities in Jiangsu are no longer technologically in-

Excerpts from a talk with senior comrades of the Central Committee of the Chinese Communist Party.

ferior to Shanghai. Over the years comrades in Jiangsu have valued knowledge and intellectuals and so have put intellectuals' talents to good use. The other measure was to promote collective ownership, or in other words, set up small and medium-sized enterprises.

Comrade Zhao Ziyang has suggested setting up economic co-operation zones, and everybody is happy about it. This is the right thing to do. In my view, economic zones should not be confined to Shanghai and Shanxi Province. Nor should we remain locked in an experimental stage. Progress would be too slow if we always made pilot studies on specific problems, taking several years to settle just a few problems. During the War of Liberation (1946-49) Comrade Mao Zedong held that the Second Field Army and the Third Field Army should be combined in military operations. He said that combining the two field armies would multiply their strength not just by two but several times over. The same is true of economic co-operation. It is true that many differences on the question of economic co-operation have yet to be resolved, but now is the time to start.

It is very important to tap intellectual resources. I include in this training for workers and managers, which should get more attention. Universities and colleges should be expanded. In the near future, they should be expanded by 50, if not 100, per cent. This is well within our capacity. Doubling enrolments in key universities and colleges is not much of a problem. Teachers are not lacking. The main problem is housing. I think we can afford to spend a little more on college buildings and dormitories. We should calculate how much it would cost.

While there is an overall shortage of intellectuals, in some places young and middle-aged intellectuals find it difficult to play a useful role. We must resolve to implement the policy towards the intellectuals, including the improvement of their living standards.

BUILD A SOCIALIST CIVILIZATION WITH BOTH HIGH MATERIAL AND HIGH CULTURAL AND IDEOLOGICAL STANDARDS

April 29, 1983

In a socialist country, a genuinely Marxist ruling party must devote itself to developing the productive forces and, with this as the foundation, gradually raise the people's living standards. This means building civilization with a high material standard. We ignored the development of the productive forces for a long time in the past, and so we are paying special attention to the building of a high standard of material civilization. At the same time, we are building a socialist civilization with high cultural and ideological standards, which essentially means that our people should be imbued with communist ideals and become persons of moral integrity with general education and self-discipline. Internationalism and patriotism both belong to this realm.

Excerpt from an interview with the delegation of the Central Committee of the Communist Party of India (Marxist).

THE PATH IS CORRECT AND THE POLICIES WON'T CHANGE

June 18, 1983

The modernization we are striving for is modernization of a Chinese type. The socialism we are building is a socialism with Chinese characteristics. This is because we are acting according to our own concrete realities and conditions, and mainly through self-reliance.

Now that we are on the right track, our people are happy and we are confident. Our policies won't change. If they do, it would only be for the better. And our policy of opening to the outside world will only make China open up even more. The path won't become narrower and narrower, but will be wider and wider. We suffered too much from taking a narrow road. If we turned back, where would we be headed? We would only return to backwardness and poverty.

The policy to abandon "everybody eating from the same big pot" won't change. Industry has its distinctive characteristics as does agriculture. The experience of one can't be applied to the other. But the "responsibility system" of determining remuneration according to output remains our basic principle, of that you can be sure.

Excerpts from a talk with foreign experts who attended the symposium on science and technology policies in Beijing in 1983.

A CONCEPT FOR THE PEACEFUL REUNIFICATION OF THE CHINESE MAINLAND AND TAIWAN

June 26, 1983

The most important issue is the reunification of the motherland. Peaceful reunification has become the common aim of the Kuomintang and the Communist Party. The idea is not that we swallow you up, or the other way round. We hope the two Parties will work together for national reunification and both contribute to the Chinese nation.

We do not approve of "complete autonomy" for Taiwan. There must be limits to autonomy, and where there are limits, nothing can be "complete". "Complete autonomy" means "two Chinas", not one. Different systems may be practised, but it must be the People's Republic of China alone that represents China internationally. We recognize that the local government of Taiwan has its own separate set of policies for domestic affairs. And although as a special administrative region Taiwan is a local government, it differs from local governments of other provinces and municipalities. It enjoys certain powers of its own which other provinces and municipalities do not possess, provided the national interests are not impaired.

After reunification with the motherland, the Taiwan special administrative region will assume a unique character

Salient points of a talk with Professor Yang Liyu of Seton Hall University, South Orange, New Jersey, U.S.A.

and may practise a social system different from that of the mainland. It will enjoy independent judicial power and there will be no need to go to Beijing for final adjudication. What is more, it may maintain its own army, provided it does not threaten the mainland. The mainland will not station anyone in Taiwan. Neither troops nor administrative personnel will go there. The Party, governmental and military systems of Taiwan will be governed by the Taiwan authorities themselves. A number of posts in the Central Government will be made available to Taiwan.

Peaceful reunification does not mean that the mainland will swallow up Taiwan. Needless to say, nor does it mean that Taiwan will swallow up the mainland. It is unrealistic to call for "reunification of China under the Three People's Principles".

There must be a proper way to bring about reunification. That is why we propose holding talks between the two Parties on an equal footing to achieve a third round of Kuomintang-Communist co-operation, rather than talks between the central and local governments. Once agreement is reached between the two sides, it can be formally proclaimed. But under no circumstances will we allow any foreign country to interfere. Foreign interference would simply mean China is still not independent, which would lead to no end of trouble.

We hope the Taiwan authorities will consider carefully the nine principles proposed by Ye Jianying in September 1981 and Deng Yingchao's opening speech at the First Plenary Session of the Sixth People's Political Consultative Conference in June 1983 and will get over their misunderstanding.

You held a forum on the prospects for China's reunification in San Francisco in March of this year. This was a very good thing to do.

We will complete the unfinished task left to us by our

predecessors. If the Taiwan authorities can help achieve this task, Chiang Kai-shek and his son and all those dedicated to the cause of China's reunification will enjoy a better place in history. Of course, it takes time to bring about peaceful reunification. But it would not be true to say that we are in no hurry. People like us who are advanced in years wish to see reunification as soon as possible. We should have more contacts to enhance mutual understanding. We are ready to send people to Taiwan at any time, just to look around without any formal talks. And they are welcome to send people over here. Personal safety would be guaranteed and the whole thing would be kept confidential. We say all this in good faith. We do not engage in petty games.

We have achieved genuine stability and unity. Our principle of peaceful reunification of the motherland was formulated after the Third Plenary Session of the Party's Eleventh Central Committee. Related policies have been gradually defined. We will adhere to them.

There has been some improvement in Sino-U.S. relations recently. However, those in power in the United States have never given up their "two Chinas" or "one-and-a-half Chinas" policy. The United States brags about its political system. But politicians say one thing during a presidential election, another after taking office, another at mid-term election, and still another with the approach of the next presidential election. Yet, the United States says that our policies lack stability. Compared with its policies, ours are very stable indeed.

USE THE INTELLECTUAL RESOURCES OF OTHER COUNTRIES

July 8, 1983

We should make use of the intellectual resources of other countries by inviting foreigners to participate in key development projects and other construction projects in various fields, and assist in education and technical innovations. We haven't attached enough importance to this matter and lack the necessary determination. We shouldn't mind spending money on recruiting foreigners. It doesn't matter whether they stay here for a long time or a short time, or just for a single project. Let's invite them to come and help solve some problems. In the matter of modernization we lack both experience and technical know-how, so we should invite them to help us. We should make the best of their skills after they come here. In the past, we gave them too many banquets and were too hesitant in asking for their advice and help, when in fact they were quite willing to assist us in our work.

Excerpt from a talk with senior comrades of the Central Committee of the Chinese Communist Party.

INSCRIPTION FOR JINGSHAN SCHOOL

October 1, 1983

Education should be geared to the needs of modernization, the world and the future.

A NEW APPROACH TOWARDS STABILIZING THE WORLD SITUATION

February 22, 1984

There are many disputes in the world, and we must find ways to solve them. Over the years I have considered how those disputes could be solved by peaceful means, rather than by war. The plan we have proposed for reunifying the mainland with Taiwan is fair and reasonable. After reunification, Taiwan can go on practising capitalism while the mainland maintains socialism, all within the same unified China. One China, two systems. The same will be applied to the Hongkong question — one China, two systems. But Hongkong is different from Taiwan in that it is a free port. I think this is a sensible solution to many disputes in the world. If opposing sides are locked in stalemate, sooner or later they will come to conflict, or even armed conflict. If war is to be averted, the only alternative is what I mentioned above, which is acceptable to the people. It can help stabilize the situation, and for a long time too, and is harmful to neither side. Since you specialize in international issues, I hope you will have a better understanding of our proposal for the solution of the Hongkong and Taiwan questions and make a study of it. Anyhow we must find a way out of this impasse.

Excerpts from a talk with a delegation from the Center for Strategic and International Studies of Georgetown University in the United States.

I have also considered the possibility of resolving certain territorial disputes by having the countries concerned jointly develop the disputed areas before discussing the question of sovereignty. New approaches should be sought to solve such problems according to realities.

I am just discussing offhand what has been on my mind. Is it possible to find new solutions for many problems that cannot be solved by old ones? New problems should be solved by new means. Some of my remarks may not be precise or thoughtful enough. However, we must rack our brains to find ways to stabilize the world situation. I have stated on many occasions that we Chinese are no less concerned with international peace and stability than people in other countries are. China needs at least twenty years of peace to concentrate on our domestic development.

ON SPECIAL ECONOMIC ZONES AND OPENING MORE CITIES TO THE OUTSIDE WORLD

February 24, 1984

I gathered some impressions from my recent tour of three special economic zones in Guangdong and Fujian provinces and of the Baoshan Iron and Steel Complex in Shanghai. Today, I have invited you here to discuss the policy of opening China to the outside world in connection with special economic zones and how to carry it a step further.

In establishing special economic zones and implementing an open policy, we must make it clear that our guideline is just that — opening up and not closing up.

I was impressed by the prosperity of Shenzhen Special Economic Zone during my stay there. The pace of construction in Shenzhen is swift. It is particularly fast in Shekou, because the authorities there are permitted to make their own decisions

Excerpts from a talk with several senior comrades of the Central Committee of the Chinese Communist Party after he returned to Beijing from his tour of Guangdong and Fujian provinces and other areas. During his inspection tour, he wrote several inscriptions for the places he visited. The inscription he wrote in Shenzhen is "The development and experience of the Shenzhen Special Economic Zone prove the correctness of our policy to establish special economic zones". In Zhuhai, he wrote "The Zhuhai Special Economic Zone is a success". The inscription he wrote in Xiamen is "Running the special economic zones with better and faster results". In Baoshan Iron and Steel Complex in Shanghai he wrote: "Master new technologies and techniques, be good at learning and better at making innovations."

where expenses are under U.S. \$5 million. Their slogan is "time is money, efficiency is life". In Shenzhen, it doesn't take long to erect a tall building, with the workers completing a storey in a couple of days. The construction workers there are from inland cities. Their high efficiency is due to the "contracted responsibility system", under which they're paid according to their performance, and to a fair system of meting out rewards and penalties.

A special economic zone is a medium for introducing technology, management and knowledge. It is also a window for our foreign policy. Through the special economic zone, we can import foreign technology, obtain knowledge and learn management, which is also a kind of knowledge. Probably not all the projects we've invested in will earn profits right away. But in the long run, we will reap benefits. There are at least two things we can do now in Shenzhen: one is to build a nuclear power station and the other is to establish a college with funds from overseas Chinese. They would be responsible for administering the college, inviting distinguished foreign professors to teach as well as purchasing teaching equipment from abroad. This would help us train a large number of competent people. If we run this special economic zone successfully, offshore oil drilling will boom. The special economic zone will become the base for our open policy, and we will not only benefit our economy and train people, but enhance our nation's influence in the world. Public order in Shenzhen is reportedly better than before and people who slipped off to Hongkong have begun to return. One reason is that there are more job opportunities and people's incomes and living standards are rising, all of which proves that cultural and ideological civilization stems from material civilization.

The Xiamen Special Economic Zone is too small. It should cover all of Xiamen Island. If this is done, we will be

able to absorb investment from many foreigners as well as from overseas Chinese. This will stimulate surrounding areas to service Xiamen, thus enhancing the economic development of all Fujian Province. The Xiamen Special Economic Zone will not be called a free port, although some free port policies could be implemented there. There are precedents for this. With the free flow of funds, foreign businessmen and overseas Chinese will invest here. This can't fail. On the contrary, it will be very profitable.

In addition to existing special economic zones, we might consider opening more port cities, such as Dalian and Qingdao. We won't call them special economic zones, but policies similar to those in the special economic zones could be pursued there. That would produce far more gains than losses. We should also develop Hainan Island. Successful economic development there would represent a substantial accomplishment.

Where shall we begin in developing China's economy? A Japanese friend made two suggestions: First, that we begin with transport and communications, which are the starting points of economic development. Second, that we encourage high wages and high consumption. Being in a different situation from other countries, we are not in a position to adopt the second suggestion as our policy. However, as the special economic zones along the coast are developed successfully, we will be able to increase people's incomes, which accordingly will lead to higher consumption. This is in conformity with the laws of development. It is a cardinal policy, and I hope all of us will give it some thought. Since conditions for the country as a whole are not ripe, we can have some areas become rich first. Egalitarianism will not work.

SAFEGUARD WORLD PEACE AND ENSURE DOMESTIC DEVELOPMENT

May 29, 1984

The foreign policy China has been pursuing in the 1980s, and will continue to pursue in the 1990s and into the twenty-first century, can be summed up in two phrases: First, we oppose hegemony in order to safeguard world peace; second, China will always belong to the Third World, which is a foundation for our foreign policy. By always belonging to the Third World we mean that China, being a poor country, belongs to the Third World as a matter of course and shares a common destiny with all Third World countries and that it will remain there even when it becomes prosperous and powerful, because China will never seek hegemony or bully others, but will always side with the Third World.

Among a host of problems in the present-day world, two especially stand out. One is the problem of peace. Now there are nuclear weapons; if war broke out, they could inflict huge losses on mankind. To work for peace requires opposing hegemony and power politics. The other is the North-South problem. It is very pressing at present. The developed countries are getting richer and richer while the developing countries are getting poorer and poorer. If the North-South problem is not solved, it will hinder the recovery and development of

Excerpts from a talk with Brazilian President Joao Baptista de Oliveira Figueiredo.

the world economy. Its solution, of course, lies in North-South dialogue. We support the dialogue. But dialogue alone is not enough; co-operation among Third World countries or, in other words, South-South co-operation should be stepped up. Exchanges, learning from each other and co-operation among these countries can help solve many problems, and prospects are promising. The developed countries should appreciate that greater development of their economies is impossible without growth in the economies of Third World countries.

China's foreign policy is independent and truly non-aligned. China does not align itself with any country but invariably pursues a policy of independence. It will not play the United States card or the Soviet Union card. Nor will it allow others to play the China card. China's foreign policy aims at world peace. With that aim in mind, we are wholeheartedly devoted to the modernization programme to develop our country and to build socialism with Chinese characteristics.

China is still poor with a per capita GNP of only U.S. \$300. But we hope to increase this to \$800 by the end of the century, which is a lofty aim. U.S. \$800 is nothing to developed countries, but it really is an ambitious target for China, meaning a GNP of \$1,000 billion at the end of the century. By then, China will be able to contribute more to mankind. As China is a socialist country, \$1,000 billion will mean a higher standard of living for its people. More importantly, it will allow us to approach the standard of the developed countries in another 30 to 50 years' time. In short, we are now devoting ourselves wholeheartedly to the modernization of our country and we, therefore, sincerely hope that no war will break out and that peace will be long-lasting.

ONE COUNTRY, TWO SYSTEMS

June 22-23, 1984

The Chinese Government is firm in its position, principles and policies on Hongkong. We have stated on many occasions that, after China resumes the exercise of its sovereignty over Hongkong in 1997, Hongkong's current social and economic systems will remain unchanged, its legal system will remain basically unchanged, its way of life and its status as a free port and an international trade and monetary centre will remain unchanged and that it can continue to maintain and develop economic relations with other countries and regions. We have also stated repeatedly that, apart from stationing troops there, Beijing will not assign officials to the government of the Hongkong special administrative region. This policy, too, will remain unchanged. We will station troops there to safeguard our national security, not to interfere in Hongkong's internal affairs. Our policies with regard to Hongkong will remain unchanged for 50 years, and we mean this.

We are pursuing a policy of "one country, two systems". More specifically, this means that within the People's Republic of China, the one billion people on the mainland will practise socialism, while Hongkong and Taiwan may practise capitalism. In recent years, China has worked hard to overcome leftist mistakes and has formulated its policies concerning all fields

The gist of separate talks with members of a Hongkong industrial and commercial delegation and with Sze-yuen Chung and other prominent Hongkong figures.

of endeavour in line with the principle of proceeding from reality and seeking truth from facts. After five and a half years things are beginning to pick up. It is against this background that we have proposed to solve the Hongkong and Taiwan problems by allowing two systems to coexist in one country.

We have discussed the policy of "one country, two systems" more than once. It has been adopted by the National People's Congress. Some people are worried whether it will change. I say it won't. The crux of the matter is whether the policy is correct. If it is, it won't change; otherwise it will. Is there anyone who can alter China's current policy of opening to the outside world and invigorating its domestic economy? If it were changed, the living standard of 80 per cent of the Chinese population would decline and we would lose these people's backing. Therefore, the decisive factor is whether the policy is correct or not. If we are on the right track and enjoy the people's support, the policy will not change.

Our policy towards Hongkong will remain unchanged for a long time to come, but this will not affect socialism on the mainland. The main system in China must be socialism. The socialist system is practised by the one billion people on the mainland, but a capitalist system will be allowed to exist in certain regions, such as Hongkong and Taiwan. To open a number of cities on the mainland and let in some measure of capitalism is a supplement to the development of the socialist economy and will benefit the growth of the socialist productive forces. For example, when foreign capital is invested in Shanghai, it does not mean that the entire city has gone capitalist. The same is true of Shenzhen, a special economic zone, where socialism still prevails. In China, socialism is the dominant system.

The concept of "one country, two systems" has been formulated to suit China's realities, and it has attracted interna-

tional attention. China has not only the Hongkong but the Taiwan problem to tackle. What's the solution to the Taiwan problem? Is it for socialism to swallow up Taiwan, or for Taiwan to swallow up the mainland by preaching the "Three People's Principles"? The answer is neither. If the problem cannot be solved by peaceful means, then it must be solved by force. Neither side would benefit. Reunification of the motherland is the aspiration of the whole nation. If it cannot be accomplished in 100 years, it will be in 1,000 years. As I see it, the only solution lies in the implementation of two systems in one country. The world faces the choice between peaceful and non-peaceful means of solving problems. One way or the other, they must be solved. New problems must be solved by new means. The successful settlement of the Hongkong question may serve as a reference in solving international questions. Let's review world history. Is there any government that has ever pursued a policy as generous as China's? Is there anything recorded in the history of capitalism about any Western country doing something similar? When we adopt the policy of "one country, two systems" to solve the Hongkong question, we are not acting on impulse or playing tricks but are proceeding from reality and taking into full account the past and present circumstances in which Hongkong finds itself.

We should have faith in the people of Hongkong, who have the ability to administer the affairs of Hongkong well. Disbelief in the Chinese people's ability to manage the affairs of Hongkong satisfactorily is a mentality left over from the old colonialists. For more than a century since the Opium War, the Chinese people were looked down upon and insulted by foreigners. But China's image has been transformed since the founding of the People's Republic. The modern image of China was not created by the government of the Qing Dynasty, nor by the Northern Warlords, nor by Chiang Kai-shek and his son.

It is the People's Republic of China that has transformed China's image. All Chinese have at the very least a sense of pride in the Chinese nation, no matter what clothes they wear or what political stand they take. The Chinese in Hongkong share this sense of national pride. They have the ability to run the affairs of Hongkong well and they should be confident of this. The prosperity of Hongkong has been achieved mainly by Hongkong residents, most of whom are Chinese. The Chinese are not less intelligent than foreigners and are by no means less talented. It is not true that only foreigners can do well. We Chinese are just as capable of doing well. The assertion that the people of Hongkong lack confidence is not what the Hongkong people really think. The contents of the Sino-British talks have not yet been made public, so many Hongkong residents do not know the central government's policy. Once they come to know it well, they will have full confidence. Our policy on the settlement of the Hongkong problem was made known by Premier Zhao Ziyang in his report on the work of the government to the Second Session of the Sixth National People's Congress and approved by the congress. It is a serious matter. If there are people who are still stalled on the question of confidence or the credibility of the People's Republic of China and the Chinese Government, then nothing else will be accomplished. We are convinced that the people of Hongkong are capable of running the affairs of Hongkong well and want an end to foreign rule. Indeed, the people of Hongkong will agree to nothing less.

Some requirements or qualifications should be established as regards the administering of the affairs of Hongkong by the people of Hongkong. The requirements must provide that patriots form the main body of administrators, that is, of the future government of Hongkong, which of course should include other people, too, as well as foreigners to be invited to

serve as advisers. Who are patriots? The qualifications for a patriot are respect for the Chinese nation, earnest and sincere support for the motherland's resumption of its sovereignty over Hongkong and a desire not to impair the prosperity and stability of Hongkong. Anyone who meets these requirements is a patriot, whether he believes in capitalism or feudalism or even slavery. We don't require them all to agree to China's socialist system, but only ask them to love the motherland and Hongkong.

There is a span of 13 years between now and 1997. We should start working for a steady and smooth transition. First, major fluctuations or setbacks must be avoided and the prosperity and stability of Hongkong maintained. Second, conditions must be created for a smooth take-over of the government by Hongkong residents. I hope that people of all walks of life in Hongkong will make efforts towards this end.

BUILD SOCIALISM WITH CHINESE CHARACTERISTICS

June 30, 1984

Since the defeat of the Gang of Four and the convocation of the Third Plenary Session of the Party's Eleventh Central Committee, we have formulated the correct ideological, political and organizational lines as well as a series of principles and policies. What is the ideological line? It means adherence to Marxism and Marxist dialectical and historical materialism, or in other words, the approach of seeking truth from facts advocated by Comrade Mao Zedong. Adherence to Marxism is vital to China and so is adherence to socialism. For more than a century since the Opium War, China was subjected to aggression and humiliation. It is because the Chinese people embraced Marxism and kept to the road of New Democracy and then socialism that the Chinese revolution was victorious.

People may ask: If China had taken the capitalist instead of the socialist road, could the Chinese people have liberated themselves or could China have finally stood up? The Kuomintang took that road for more than 20 years and proved that it does not work. By contrast, the Chinese Communists, by adhering to Marxism and integrating Marxism with actual conditions in China in accordance with Mao Zedong Thought, took its own road and succeeded in the Chinese revolution by

Excerpts from a talk with the Japanese delegation to the second session of the council of Sino-Japanese non-governmental figures.

encircling the cities from the countryside. Conversely, if we were not Marxists or if we had not integrated Marxism with Chinese conditions and followed our own road, China would have remained disintegrated, with neither independence nor unity. To be frank, China must adhere to Marxism. The Chinese revolution would never have succeeded had we not fully believed in it. This belief is a motive force. If we had taken the capitalist rather than the socialist road after the founding of the People's Republic, we would not have ended this chaos or changed a situation characterized by inflation, unstable prices, poverty and backwardness. We started from a backward past. There was virtually no industry for us to inherit from old China, and we did not have enough grain for food. Some people ask why we chose socialism. We answer that we had to because capitalism would get China nowhere. We must solve the problems of feeding and employing the population and of reunifying China. That is why we have repeatedly declared that we shall adhere to Marxism and keep to the socialist road. But, by Marxism we mean Marxism that is integrated with Chinese conditions and by socialism we mean socialism that is tailored to Chinese conditions and with Chinese characteristics.

What is socialism and what is Marxism? We were not quite clear about this before. Marxism attaches utmost importance to developing the productive forces. We advocate communism. But what does it mean? It means the principle of from each according to his ability and to each according to his needs, which calls for highly developed productive forces and overwhelming material wealth. Therefore, the fundamental task for the socialist stage is to develop the productive forces. The superiority of the socialist system is demonstrated by its faster and greater development of the productive forces than that of the capitalist system. Speaking

of our shortcomings since the founding of the People's Republic, one was negligence in developing the productive forces. Socialism means eliminating poverty. Pauperism is not socialism, still less communism. The superiority of the socialist system lies above all in its ability to increasingly develop the productive forces and to improve the people's material and cultural life. The problem facing us now is how China, which is still backward, is to develop the productive forces and improve the people's living standards. This brings us back to the point of whether to continue on the socialist road or to stop to take the capitalist road. The capitalist road can only enrich less than 1 per cent of the Chinese population; it can absolutely not enrich the over 90 per cent of the population. That is why we must adhere to socialism. The socialist principle of distribution to each according to his work will not create an excessive gap in wealth. Consequently, no polarization will occur as our productive forces become developed in 20 to 30 years from now.

The minimum target of our four modernizations is to achieve a comparatively comfortable standard of living by the end of the century. I first mentioned this with former prime minister Masayoshi Ohira of Japan during his visit here in December 1979. By a comfortable standard we mean that per capita GNP will reach U.S. \$800 by the end of the century. This is a low level for you but it is really ambitious for us. China has a population of 1 billion now and will reach 1.2 billion by then. If, when the GNP reaches U.S. \$1,000 billion, we apply the capitalist principle of distribution, it doesn't amount to much and cannot help get rid of poverty and backwardness. Less than 1 per cent of the population will enjoy a better life, with over 90 per cent of the population remaining in poverty. But the socialist principle of distribution can enable all the people to become

well-off. This is why we want to uphold socialism. Without socialism, China cannot become well-off.

However, only talking about this is not enough. The present world is an open one. China's past backwardness was due to its closed-door policy. After the founding of the People's Republic, we were blockaded by others, and so the country remained closed to some extent, which created difficulties for us. Some "Left" policies and the "Cultural Revolution" in particular were disastrous for us. In short, the experience of the past 30 years or more proves that a closed-door policy would hinder construction and inhibit development. Therefore, the ideological line formulated at the Third Plenary Session of the Party's Eleventh Central Committee is to adhere to the practice of integrating Marxism with Chinese conditions, of seeking truth from facts, linking theory with practice and proceeding from reality. This, in other words, is to adhere to the essence of Comrade Mao Zedong's thought. Our political line focuses on the four modernizations, persisting in developing the productive forces. Nothing short of a world war would make us release our grip on this essential point. Even should world war break out, we would engage in reconstruction after the war. A closed-door policy would not help construction. There are two kinds of seclusion: one is directed against other countries; the other is directed against China itself, with one region or department closing its doors against others. We are suggesting that we develop a little faster, just a little faster but not too fast, which would not be realistic. To do this, we have to revitalize the domestic economy and open up to the outside world. We must first of all solve the problem of the countryside, which contains 80 per cent of the population. China's stability depends on the stability of the countryside with this 80 per cent — this is the reality of China from which we should

proceed. No matter how successful our work in the cities is, it won't mean much without the stable base of the countryside. Therefore, we must first of all solve the problem of the countryside by invigorating the economy and adopting an open policy so as to bring the initiative of 80 per cent of the population into full play. We adopted this policy at the end of 1978 and, after several years in operation, it has produced the desired results.

The recent Second Session of the Sixth National People's Congress decided to shift the focus of reform from the countryside to the cities. The urban reform includes not only industry and commerce but science, education and all other professions as well. In short, we will continue the reform at home. As for our relations with foreign countries, we will pursue the policy of opening up still wider to the outside world. We have opened 14 medium and large coastal cities. We welcome foreign investment and advanced techniques. Management is also a kind of technique. Will they undermine our socialism? Not likely, because the socialist economy is our mainstay. Our socialist economic base is so huge that it can absorb tens of billions of foreign funds without shaking the socialist foundation. Besides, we adhere to the socialist principle of distribution and do not tolerate economic polarization. Thus, foreign investment will doubtlessly serve as a major supplement to the building of socialism in our country. And as things stand now, this supplement is indispensable. Naturally, some problems will arise in its wake. But the negative aspects are far less significant than the positive results of accelerating our development that foreign investment would effect. It is a bit of a risk, but not much.

Speaking of our plan, here you are. We shall accumulate experience and try new solutions as new problems arise. In general, we believe this road of building socialism with Chinese

characteristics is the right one and will work. We have followed this road for five and a half years and with satisfactory results. We want to quadruple China's GNP by the end of the century. The pace of development has so far exceeded our projections. And so I can tell our friends that we are even more confident now.

THE "ONE COUNTRY, TWO SYSTEMS" CONCEPT WILL WORK

July 31, 1984

The "one country, two systems" concept was not formulated today. It has been in the making for several years now ever since the Third Plenary Session of the Party's Eleventh Central Committee held in December 1978. The idea was first presented as a means of settling the Taiwan and Hongkong questions. There are two ways available: non-peaceful and peaceful. The non-peaceful means, or the means of armed force, is not desirable for either case. How are these questions to be settled by peaceful means? It requires a full consideration of the history and the present conditions of Hongkong and Taiwan. At the Third Plenary Session of the Party's Eleventh Central Committee, Comrade Mao Zedong's principle of seeking truth from facts was reaffirmed, which requires proceeding from reality in everything we do. So, to respect facts or reality requires us to respect the historical facts of Hongkong and Taiwan. When we propose that the capitalist system be preserved in Hongkong, we mean that "one country, two systems" can be applied there. The same is true of Taiwan. Our socialist system will not change, never. But, if the capitalist system in Hongkong and Taiwan is not guaranteed, stability and prosperity there will be jeopardized and peaceful

Excerpts from a talk with British Foreign Secretary Sir Geoffrey Howe.

settlement will be out of the question. Therefore, first on the Hongkong question, we propose to guarantee that the current capitalist system and way of life will remain unchanged for 50 years after 1997.

The Chinese and British governments have reached a basic consensus in the talks on the Hongkong question. I am confident that the "one country, two systems" concept will work. International reaction to such a solution will be favourable, and the solution will set an example for other nations in settling the disputes history has bequeathed them. When we developed the concept of "one country, two systems", we also considered what methods should be used to resolve international differences. There are so many issues all over the globe that are entangled in knots and very difficult to solve. It is possible, I think, that some of them might be disentangled by this method. We have been striving to find mutually acceptable solutions to disputes. In the past, many flared up and led to armed conflicts. If fair and reasonable methods are applied, they will help eliminate flash points and stabilize the world situation.

SPEECH AT THE CEREMONY CELEBRATING THE 35TH ANNIVERSARY OF THE FOUNDING OF THE PEOPLE'S REPUBLIC OF CHINA

October 1, 1984

Comrade commanders and soldiers of the Chinese
People's Liberation Army!

All fellow-countrymen, comrades and friends!

On this glorious occasion of the 35th anniversary of the founding of the great People's Republic of China, I wish to express my warmest congratulations to the comrades, compatriots and friends who are working for our socialist modernization, for the great cause of reunifying our motherland and for safeguarding the security of our country.

Thirty-five years ago Chairman Mao Zedong, the great leader of the people of all our nationalities, solemnly proclaimed here the founding of the People's Republic of China. He declared that the Chinese people had finally stood up. Not only did we end a dark period of our history for all time and create a socialist society in China, but we have changed the course of human history in the past 35 years. Particularly since the Third Plenary Session of the Eleventh Central Committee of the Chinese Communist Party, when the perverse acts of the counter-revolutionary Gang of Four were thoroughly redressed, the approach of seeking truth from facts — a way of thinking advocated by Comrade Mao Zedong — was restored and developed and a number of important policies suited to the new situation were adopted, the whole country has taken on a new

look. On a foundation of national stability, unity, democracy and rule of law, we have given socialist modernization the highest priority in our work. Our economy has grown more vigorously than ever before, and achievements in all other fields are widely acknowledged. Today, all our people are full of joy and pride.

The Party's Twelfth National Congress set a goal of quadrupling the gross annual industrial and agricultural product between 1980 and the year 2000. The past few years' experience indicates that this magnificent target can be reached. Our primary job at present is to reform systematically whatever is impeding our progress in the existing economic structure. At the same time, we shall carry out the planned technical transformation of existing enterprises throughout the country. We shall redouble our effort in scientific and technological research, in education at all levels and in the training of workers, staff members and cadres. The entire Party membership and the community at large must truly value knowledge and let intellectuals play a role. All this will ensure that we shall gradually realize our modernization programme.

China's foreign policy is known to all, and it will remain unchanged. We stand firmly for the maintenance of world peace, for the relaxation of international tension and for arms reduction, above all, the reduction of the superpowers' nuclear and other weapons, and we are opposed to all forms of aggression and hegemony. China will remain open to the outside world and is ready to establish and expand diplomatic relations and economic and cultural ties with all countries on the basis of the Five Principles of Peaceful Coexistence. We stand for the settlement of international disputes through negotiations, just as we have settled the Hongkong question with the United Kingdom — through negotiations. In the seriously deteriorat-

ing international situation, we must strengthen our national defence. All commanders and soldiers of the Chinese People's Liberation Army must be alert at all times, constantly upgrade their political and military quality and strive to master the skills of modern warfare.

We want peaceful reunification with Taiwan, which is part of our sacred territory. Our policy in this regard is also known to all and will not change. It is taking root in the hearts of all descendants of the Yellow Emperor. Being an irresistible trend, the peaceful reunification of our motherland will sooner or later become a reality. We hope that the people of all our nationalities, including all our compatriots in Hongkong, Macao, Taiwan and those residing abroad, will work together for its early realization.

Long live the great People's Republic of China!

Long live the great Communist Party of China!

Long live the great Chinese People's Liberation Army!

Long live the great unity of all nationalities of China!

MAINTAIN PROSPERITY AND STABILITY IN HONGKONG

October 3, 1984

With so many of you attending our National Day celebrations, I believe Hongkong has a bright future. Among those who have come for the celebrations are people from different professions and walks of life and also people with differing political views. This shows that you all favour China's resumption of the exercise of sovereignty over Hongkong and the agreement reached between the Chinese and British governments. It follows that we share the same objective, a common goal of maintaining prosperity and stability in Hongkong over the next 13 years and beyond, which boils down to love of our motherland and love of Hongkong. I am extremely happy to have so many visitors. With our joint effort, I am sure our goal will be materialized. After 1997, those of you who are sixty or seventy will not be as energetic as you are today. There are many young people among us here. They have advantage over us in this respect. As for me, I would love to be around in 1997, to see with my own eyes China's resumption of the exercise of sovereignty over Hongkong.

Some people are worried that China's policy might change once we are no longer around. I appreciate their trust in elderly

Excerpts from a talk with Chinese from Hongkong and Macao attending the National Day celebrations in Beijing.

men like me. Today, I would like to assure you that China's policy will not change; nobody can change it. Because it is right and effective and enjoys the support of the people. Since it is backed by the people, whoever tries to change it will meet with the people's opposition. Moreover, our Central Government and the Central Committee of the Communist Party always live up to their international obligations, which was true even during the years of turbulence. Acting in good faith is a Chinese tradition, not something invented by our generation. It is an essential quality of our magnificent old country. Ours is a great and proud nation. And a great nation should preserve its dignity and adhere to the principles it has formulated. In the agreement we stated that no change would be made for 50 years, and we mean it. There will be no changes in my generation, or in the next. And I doubt that 50 years beyond 1997, when the mainland is developed, people will handle matters like this in a narrow-minded way. So, don't worry, there won't be any changes. If any, the changes can only be for the better, more beneficial to the prosperity and growth of Hongkong, not harmful to the interests of the people there.

With regard to the Sino-British joint declaration, we know that we will abide by it, we are convinced that the British will do the same, and we are still more convinced that the overwhelming majority of our Chinese compatriots in Hongkong will do so, too.

After 1997, Taiwan's institutions in Hongkong may still remain there. They will be able to disseminate their "Three People's Principles" and criticize the Communist Party — which does not bother us, because the Communist Party cannot be toppled by criticism. However, I hope they will take care not to create disturbances in Hongkong, or advocate "two Chinas", which is no longer just a matter between the mainland

and Taiwan, but a question of international significance. We believe that, being Chinese, they will stand on the side of our nation and help safeguard its general interests and dignity. They will be allowed to carry out their activities and conduct propaganda in conformity with the requirements mentioned above, which will be permissible in Hongkong then.

It is my hope that our compatriots from Hongkong and Macao will visit more places and see more of our country to witness the changes. We have a slogan, "Long live the great unity of the Chinese nation", right? All the people, regardless of their differing political views, including those who criticize the Communist Party, should unite. I hope that our compatriots in Hongkong will unite and pool their efforts to safeguard prosperity and stability in Hongkong so as to contribute to a smooth transfer of political power in 1997.

"One country, two systems" is a new concept internationally. We proposed this policy not just because we are faced with the Hongkong question, but also because the general objective of our foreign policy is to safeguard world peace. New approaches are needed for resolving international disputes in the present-day world. Naturally, the success of "one country, two systems" depends on the efforts of our compatriots in Hongkong, and I am convinced that time will bear witness to its success.

ACHIEVE THE MAGNIFICENT GOAL OF OUR FOUR MODERNIZATIONS, AND OUR BASIC POLICIES

October 6, 1984

I am a layman in the field of economics. I have made a few remarks on the subject, but all from a political perspective. For example, I proposed China's economic policy of opening to the outside world. As for the details or specifics of how to implement it I know very little indeed. So, today I am dealing with the question again from the political perspective.

We have determined a political objective: to quadruple economic production by the end of the century, with a per capita gross national product of U.S. \$800 and a better living standard for our people. I put forth the idea in an interview with a Japanese friend, Masayoshi Ohira, who was then prime minister of Japan. During his visit to Beijing in 1979, he asked me about the aim of our four modernizations. I answered that probably it was to quadruple production by the end of the century. China's per capita GNP in 1979 was about \$250 and would be \$1,000, a fourfold increase, in 2000. Later, I took into account the fact that our population would not remain at 1 billion but would be 1.2 billion by then, according to our rough estimates, which would mean a little

An interview with Chinese and foreign delegates to a symposium on China's economic co-operation with foreign countries.

more than \$800 per capita. It follows that the Chinese people will enjoy a more comfortable life. This goal may seem like little to developed countries, but to China it is a very ambitious, magnificent goal. Its achievement would represent a GNP of \$1,000 billion. What is more important, such a huge sum will provide a solid foundation for our endeavour to approach the level of the developed countries within 30 to 50 years. And this is no easy job, either. Bragging and empty talk will accomplish nothing. Its realization requires a whole set of sound guidelines and policies concerning domestic and foreign affairs. Since the Third Plenary Session of the Party's Eleventh Central Committee, we have formulated a policy of invigorating the domestic economy and opening to the outside world. Our goal cannot be attained without this policy.

We began with the countryside. Eighty per cent of China's population lives there. China's social stability and its economic development depends, above all, on the development of the countryside and the improvement of rural living standards. A fourfold increase in production depends first and foremost on whether this can be achieved by the 80 per cent of our rural population. It seems that all our rural policies are succeeding and bringing about rapid, remarkable results. In the past, life in the countryside was rather difficult. Now we can say that most of our people there have enough food to eat and are well-clothed, and their housing conditions have greatly improved. The success of our rural policies heightened our confidence and encouraged us to strive for our target of quadrupling the GNP.

The recent rural reforms are of revolutionary significance. Meanwhile, we have embarked on an experiment in urban reform. Of course, we cannot mechanically apply what is working in the countryside to the cities, where the situation

is far more complex, involving industry, commerce and services as well as the scientific, educational and cultural spheres. Urban reforms and the restructuring of the economy in general will be the main topic for the forthcoming Third Plenary Session of the Twelfth Central Committee of the Party. It will herald China's comprehensive reform. It took three years for rural reform to take effect and it may take three to five years for urban reform to bring about noticeable changes. Our experience in the countryside convinces us that our urban reform will succeed. However, we are aware that mistakes may arise due to the complicated nature of urban reform, but they will not affect the situation as a whole. We shall watch our step, and should anything go wrong, we will put it right and be done with it. In short, we shall adhere to our motto, to seek truth from facts. We are convinced that our urban reforms will succeed too and that the upcoming Third Plenary Session of the Twelfth Central Committee of the Party will go down in Chinese history as a very important event.

While invigorating the domestic economy, we have also formulate a policy of opening to the outside world. Reviewing our history, we have concluded that one of the most important reasons for China's long years of stagnation and backwardness was its policy of closing the country to outside contact. Our experience shows that China cannot rebuild itself with its doors closed to the outside and that it cannot develop in isolation from the rest of the world. It goes without saying that a large country like China cannot rely on others for its development; it must rely mainly on itself, and this is what we call self-reliance. Nevertheless, while holding to self-reliance, we should open our country to the outside world to obtain such aid as foreign investment capital and technology. This kind of assistance is not unilateral. While obtaining investment capital and technology from other nations,

particularly the developed ones, China will in turn make a greater contribution to the world economy. Its expanded foreign trade in recent years has borne this out. So, we say that the assistance and the contribution are mutual.

Invigorating our domestic economy and opening to the outside world is our long-term, not short-term, policy, which will remain unchanged for at least 50 or 70 years. Why? Because quadrupling the GNP, which will take 20 years, is our first step, to be followed by a second, approaching the level of developed countries, which will take 30 or 50, let's say 50, years. The two steps together will make exactly 50 or 70 years. By then chances for changes in the policy will be slimmer. If anything, we will only open up still more. Our people would not allow anything else.

It is our hope that businessmen and economists in other countries will appreciate that to help China develop will benefit the world. China's foreign trade volume makes up a very small portion of the world's as a whole. If we succeed in quadrupling the GNP, the volume of our foreign trade will increase considerably, promoting China's economic relations with other countries and expanding its market. Therefore, judged from the perspective of world politics and economics, China's development will benefit world peace and the world economy. Western statesmen should realize that, unless it helps developing countries, the West will have difficulties solving its own problems of markets and economic development. An open economic policy is not yet a question confronting just the developing world, but developed nations, too, I am afraid. Three-fourths of the world's population live in the developing countries, an area which does not amount to much in terms of a market. But there is only limited room for expanding the world market if we confine ourselves to the developed countries alone.

We hope that people in the world's industrial and commercial circles will consider co-operation with China from a worldwide perspective. Co-operation has been going on quite well in recent years. We need to expand it. China will work to encourage this, so should the economic circles of developed nations. First of all, they should set aside their concern about risks; there is no need to worry that our policies might change. They should be bold and quicken the pace of co-operation with us. Time will prove that those who have helped us will benefit no less in return. Their help will mean even more politically and strategically.

To facilitate extensive contact, the China International Trust and Investment Corporation can serve as a window to the outside world.

Believe me, the Chinese people are not niggardly in handling specific items. Some of our laws are not well-defined due to our lack of experience, but they will be as the time goes on. In the course of discussions, some friends have expressed their fear of risks. Should any problems occur, we would share the burden. Others have raised the question of the duration of co-operation between enterprises. It can be duly prolonged if the technology and techniques you provide are really advanced.

SPEECH AT THE THIRD PLENARY SESSION OF THE CENTRAL ADVISORY COMMISSION OF THE COMMUNIST PARTY OF CHINA

October 22, 1984

I think the current Central Committee is a mature one and has been handling all kinds of problems appropriately. Foreign newspapers stress my role in it. True, I have a part in it, but most of the work is being done by other comrades. I have offered some advice, but it is comrades in charge of the day-to-day work who are performing the most arduous tasks and dealing with individual problems in an orderly fashion. Take, for example, the "Decision on Reform of the Economic Structure" adopted by the Twelfth Central Committee of the Chinese Communist Party at its Third Plenary Session. There has been a good deal of reaction in the past two days. Everyone says it is a document of historic significance. It's a good document, but I didn't write or revise a single word in it. All this is true. Don't try to exaggerate my role. This would only raise doubts in people's minds and lead them to believe that our policy will change once Deng is gone. The world community is quite concerned about this. Others say that the policy will not change as long as Hu Yaobang and Zhao Ziyang are around. This sounds better. However, Yaobang is 69 years old and Ziyang 65, both approaching 70. We should make it very clear to

This speech was slightly abridged for publication in this book.

the rest of the world that nobody can alter the principles, policies and strategies we have worked out. Why? Because experience has demonstrated their soundness. If they were changed, the country and the people would suffer. So the people would never agree to change them. We say our current policy is working, because our country is thriving, the people's living standards are genuinely improving and China's international prestige is rising. These are the essential facts. Our policy succeeded first in the countryside. It will not change there. If it did, 800 million peasants would oppose it, because their living standards would immediately decline. There are still some tens of millions of peasants in the countryside who do not yet have enough food or clothing, although things are much better than before. The Central Committee has mapped out a plan to help these poor areas to prosper. Now that most parts of the country have become better off, the state can spare more resources to help develop the rest. This problem will not be too difficult to solve, because those prosperous areas too can help them as well as the state. We know from our own experience that our generation, including Yaobang and Ziyang, would not change this policy. Nor would the third, fourth or fifth echelons of cadres, because nobody could. In recent talks with foreign guests, I never failed to assure them that our policy would not change, that they could rely on the continuity of our current policy. Yet, they were not thoroughly convinced. This is quite a problem, of which I am well aware. And that's why I have adopted a lighter work schedule. Its advantages are: first, I will enjoy a longer life; second, others are doing more work than I am and doing it well, better than I, in fact, because they are full of vigour. I hope I will gradually give up work altogether and maintain my good health. Then I will have fulfilled my mission. But for now I still have to do some work. Last year, I devoted

myself to only one thing: a crackdown on criminal offenders. This year I worked on two projects: one was to open another 14 cities; the other was to resolve the Hongkong question by means of "one country, two systems". Everything else was done by other people.

The policy of "one country, two systems" has been adopted out of consideration for China's realities. China is faced with the problems of Hongkong and Taiwan. There are only two ways to solve them. One is through negotiation and the other is by force. To solve a problem by peaceful negotiation requires that the terms be acceptable to all parties. The solution to the Hongkong question, for instance, should be acceptable to China, Britain and the people of Hongkong. What will they accept? A socialist transformation of Hongkong would not be acceptable to all parties. In my talks with foreign guests I proposed that new solutions to international disputes be devised to meet new situations and new problems. The "one country, two systems" concept was proposed on the basis of Chinese realities, but this idea could also be applied to international problems. International disputes that are not handled right can reach the flash point. I asked them whether the policy of "one country, two systems" could be adopted in some cases and the policy of "joint development" in others. In this way we would not be confined to just one approach, the "one country, two systems". We would have an alternative in "joint development". We Chinese stand for peace and hope to solve disputes by peaceful means. What kind of peaceful means? "One country, two systems" and "joint development". Everyone says this is a new and very interesting idea.

The resolution of the Hongkong question was not due to any special feats on the part of our negotiators, as much as to the fact that China has been progressing rapidly. In recent

years, it has been thriving and growing powerful and is trustworthy. We mean what we say and keep our word. Since the fall of the Gang of Four, and especially since the Third Plenary Session of the Party's Eleventh Central Committee, highly favourable changes have taken place in China. Its image has improved. The past five years have witnessed great changes. Our own people have seen this and so have people from other countries. We can be proud of this. Of course, there is a difference between pride and conceit. We should not be conceited or boastful, because we are still economically backward. But recent developments, the resolution of the Hongkong question for instance, demonstrate our good prospects as a nation. We resolved the Hongkong question by adopting a fundamentally correct policy or strategy of "one country, two systems". It also represents the result of the combined efforts of the Chinese and British governments.

The resolution of the Hongkong question has a direct impact on the Taiwan question. The Taiwan authorities should be able to accept the "one country, two systems" concept. Is it realistic of Jiang Jingguo to propose unifying China under the "Three People's Principles"? His "Three People's Principles" were practised in China for 22 years — from 1927 to 1949. What became of China? When did the Chinese people stand up, so to speak? In 1949. It was socialism and the Communist Party that made it possible for the Chinese people to stand up. Isn't "one country, two systems", where you won't swallow us up and we won't swallow you up, a better solution? Recently, a foreigner asked me whether we would adopt a similar policy towards Taiwan. I said that, in Taiwan's case, we would adopt an even more flexible policy. By more flexible we meant that, in addition to the policies used to solve the Hongkong question, we would allow Taiwan to maintain its own armed forces. A couple of days ago, I discussed Taiwan

with another foreign visitor. I said we would strive to solve the Taiwan question by peaceful means but we could not possibly rule out the use of non-peaceful means to reunify Taiwan and the mainland.

Let me turn to domestic economic development. As I said earlier, the current Central Committee is working together smoothly. The situation as a whole is very good. Isn't it stated in the "Decision on Reform of the Economic Structure" that political unity and stability in China are on the rise? This is quite true. How often since its founding has our Party experienced as good a political situation as this? In my talk with foreign visitors, I was bold enough to say that we will quadruple our industrial and agricultural output by the year of 2000. We never dared to be so positive before. Instead, we said only that, with strenuous efforts, a fourfold increase might be possible. Four years later, we find that the major targets of the Sixth Five-Year Plan (1981-85) were reached two years ahead of time. This year's annual plan will be surpassed. We used to say that a fourfold increase would be realized if the average growth rate reached 6.5 per cent for the first 10 years and 7.2 per cent for 20 years. Now it seems that the average growth rate for the first 10 years may exceed 7.2 per cent, because the growth rate over the past three years reached nearly 8 per cent.

Quadrupling the gross national product is very important. This would mean an annual GNP of U.S. \$1,000 billion by the year 2000. At that time, China's GNP will rank it among the advanced countries in the world, though not, of course, on a per capita basis. In terms of people's living standards, \$1,000 billion will mean a comfortable life and, in terms of national strength, China will be more powerful. If we allocate 1 per cent of this to national defence, that means \$10 billion; 5 per cent means \$50 billion. With \$10 billion we

could accomplish a lot of things, and it would be easy to upgrade our military equipment. If we devoted 1 per cent of this to science and education, we could run many universities, and we would also have more funds to spend on the elimination of illiteracy. The investment in intellectual resources must exceed 1 per cent. Now we face too many difficulties and find it hard to add even a small amount to education and scientific research. Our people will be well-off by the end of the century, enjoying a much higher living standard than now. Last year I toured Suzhou. The industrial and agricultural output of the Suzhou area reached a per capita value of approximately \$800. If calculated in terms of the gross national product, its per capita income would be \$400. I investigated life in Suzhou. First, people there don't want to leave for Shanghai or Beijing. Probably people in most parts of Jiangsu Province are happy with their lives and would rather not leave their hometown. Second, average living space exceeds 20 square metres. Third, everybody has received at least a primary education because the people have more money to spend on schools. Fourth, people have no more problems with food or clothing, they generally own television sets, other household appliances, and what not. Fifth, there is a drastic change in people's outlooks, and disorderly conduct and the crime rate have declined significantly. There are other improvements that I can't recall now. But the ones I just listed are great enough! For now, we shall continue our efforts to crack down on criminal offenders. By the year 2000, people's outlooks will be quite different. Material conditions are the foundation. With improved material conditions and a higher cultural level, the people's outlooks will improve greatly. Our effort to crack down on criminal offenders is necessary and we shall continue to pursue this. But the ultimate solution lies not in such an effort, but in quadrupling the GNP. Of

course, even then we will still have to conduct education among the people; work among the people can never be dispensed with. But we will have paved the way for all our other efforts. We can confidently say we will quadruple the GNP. What will the political situation be like once we have achieved it? I think there will definitely be genuine stability and unity. Now the situation is becoming increasingly stable. By that time, China will be truly powerful, exerting a much greater influence in the world. We have to work hard for 20 years. There are 16 more years until the year 2000. Let's apply ourselves and work with one mind.

Quadrupling production is significant in another way. It will provide a new starting point from which, in another 30 to 50 years, we will approach the level of the developed countries. This refers to production and living standards, not to political systems. This is something feasible, tangible and within our grasp. In my recent interviews, several foreigners asked if we had anything in mind when we said we would not change Hong-kong for 50 years. I answered we had. That is, we will set a new target after quadrupling the GNP by the end of the century, namely, to approach the level of the economically developed countries within another 30 to 50 years. Why are we thinking in terms of 50 years beyond 1997? Why do we say that opening China to the outside world and absorbing foreign investment capital are long-term policies which, as far as Hong-kong is concerned, will remain unchanged for at least 60 or 70 years from now? Because we want to quadruple our GNP and, once we've done that, aim for a new target, which cannot be attained without an open policy. We can easily illustrate this point by considering just one aspect. Our foreign trade volume is now at \$40 billion, right? Can we quadruple production from such a meagre base if we pursue a closed-door policy? This aspect

alone suffices to drive the point home. As simple as that. Of course we can cite many other aspects too. What will we do with our products when our GNP reaches \$1,000 billion? Will we sell them all in the domestic market? Shall we produce all we need? We will import what we need and export our products, won't we? If we don't open up to the outside world, it will be difficult to quadruple production and even more difficult to make progress after that. Foreigners worry that we may change our policy of opening to the outside world. I have said it will not change. I have told them that our first target covers the period between now and the end of the century and that we have a second target to achieve within 30 to 50 years, or, maybe longer, say, 50 years, in which this policy will not be abandoned. Isolation would prevent any country's development. We suffered from this and so did our forefathers. However, it was probably a case of an open policy after a fashion when Zheng He was sent on voyages in the western oceans by the Ming Emperor Zhu Di (who reigned from 1402 to 1424). The Ming Dynasty entered a decline with the death of Emperor Zhu Di and China was subjected to foreign aggression. During the reign of Kang Xi (1661-1722) and that of Qian Long (1735-96) in the Qing Dynasty, there was no open policy to speak of. Isolation lasted more than 300 years, from the middle of the Ming Dynasty (1368-1644) to the Opium War (1840). Counting from the reign of Kang Xi, it was almost 200 years. As a result, China fell into poverty and ignorance. After the founding of the People's Republic, we did open our country to the outside world during the First Five-Year Plan period, but only to the Soviet Union and East European countries. Later we closed our doors and economic development slowed down. Of course there were other reasons; for instance, we made mistakes. We must open ourselves to the outside world. It will not hurt us. Our comrades are always worried that undesirable things

might ensue. Above all, they worry whether the country might go capitalist. I'm afraid some of our veteran comrades do harbour such misgivings. Since they have devoted their lives to socialism and communism, the spectre of capitalism horrifies them. Hence their misgivings. But such a thing will not happen. However, there will be some negative effects. We must be alive to them, although they are not difficult to overcome. If we practise isolationism and close our doors again, it will be absolutely impossible for us to approach the level of the developed countries in 50 years. When our per capita GNP reaches several thousand dollars, no new bourgeoisie will emerge because such essential things as the means of production will still be state- or publicly-owned. And as the country prospers and the people's material and cultural life improves and continues to do so, what's bad about that? However much we open up in the next 16 years before the end of the century, the publicly-owned economy will remain predominant. Even in a joint venture with foreigners, half is socialist-owned. And we will take more than half of the actual earnings from the joint ventures. So, don't be afraid. It is the country and the people who will benefit most by them, not the capitalists. Negative effects are inevitable but we can deal with them. The "Decision" is a very good document, for it explains what socialism is in terms never used by the founders of Marxism-Leninism. There are some new theories. I think the document has clarified things. We could not have drawn up such a document before. Without the experience of the past few years, it would have been impossible to do so. Even if it had been produced, it could hardly have been passed. By virtue of our own experience we have answered new questions that arose under new circumstances. We have been stressing the need to uphold the four cardinal principles, haven't we? We are truly upholding socialism. Otherwise, wouldn't it be "preferring

socialist weeds to capitalist seedlings" as advocated by the Gang of Four? Veteran comrades must open their minds. I say the document is good because all the comrades on the Party's Central Committee, the Central Advisory Commission and the Party's Central Commission for Discipline Inspection agree with it and appreciate the necessity and importance of issuing such a programmatic document at this point. It is a good document.

The "Decision" is in ten parts, all of which are important, but the ninth is the most important. The ninth part can be summed up as "respecting knowledge and talented people". The key to success is to discover and employ talented people. To be more specific, some comrades now in their 50s are quite competent. But 10 years from now they will be in their 60s. We should be unhesitatingly promoting young and middle-aged cadres, especially those in their 30s and 40s, as suggested by Comrade Chen Yun. This is a good suggestion. Young people who are promoted in this age group can work longer. They may lack experience now but they will become experienced in a couple of years. They may be unqualified now but they will be qualified a couple of years from now. Their minds are more flexible. Next year, Party consolidation will be conducted in units and enterprises at the grass-roots level. This is extremely important work and its success will depend on finding a lot of capable young people. This is because, by the end of the century, those now in their 30s will be only in their 40s and those in their 40s only in their 50s. By the time we are fulfilling the second economic target, some will be getting along in years. We veteran comrades on the Advisory Commission should devote more attention to this problem. There must be open-mindedness on this matter, without which nothing can be accomplished. We should persuade older comrades to vacate their leading posts. Otherwise, there will be no positions for the young. Our general situation is marked by stability and

unity, but if there is a snag anywhere, it exists on this question. And we have not found satisfactory solutions yet. It doesn't matter much if problems crop up on other issues, but failure to solve this question will have serious consequences and will result in gross errors. It is not easy to ask middle-aged and older comrades to give up their posts. But we must and we must stay this course. I said two years ago that I hoped to be the first to retire. And I said that the Central Advisory Commission was a transitional measure to be replaced ultimately by a retirement system. We only have a limited number of posts; besides, we plan to streamline our administration. If the old do not vacate their posts, how can the young be promoted and, if they can't, how can our cause thrive? In this respect, we should also learn from the developed countries. Some Third World countries are quite successful in solving this question. I was told recently that most ministers in a number of Third World countries are in their 30s. Some are older, but relatively few. Prime ministers are probably older but, in general, only in their 50s. We were young when we entered the city. I was 45 at the time of nationwide liberation and many comrades were even younger. I was 23 at the end of 1927 when I first served as Secretary General of the Party Central Committee. That was quite a high-ranking office. I didn't know much, yet I managed. In short, choosing and promoting young cadres is an important responsibility of our Central Advisory Commission.

WE SHOULD FOLLOW OUR OWN ROAD BOTH IN REVOLUTION AND IN ECONOMIC DEVELOPMENT

October 26, 1984

China is a major country as well as a minor one. When we say it is a major country, we mean it has a large population and a vast territory; and when we say it is a minor one, we mean it is still a relatively poor, developing country with a per capita GNP of only U.S. \$300. Therefore, China is in fact both a minor and a major country. China is one of the permanent members of the Security Council of the United Nations. Its vote belongs firmly to the Third World, to the underdeveloped countries. We have said more than once that China belongs to the Third World. It will still belong to the Third World even in the future, after it is developed. China will never become a superpower.

China's economic development is now at a comparatively low level, which is not commensurate with its status as a country with such a large population and vast territory. Our achievements since the founding of the People's Republic are great. But our progress has been delayed somewhat by setbacks, notably the "Cultural Revolution". Things would be definitely different without these setbacks. In the past five years or more, we have broken with "Left" policies. We are now devoting ourselves wholeheartedly to economic development. In

Main points of a talk with President Maumoon Abdul Gayoom of the Republic of Maldives.

these five years we have scored successes well beyond our expectations. It seems that we can achieve our goal of quadrupling the gross annual value of China's industrial and agricultural output and increasing per capita GNP to \$800 by the end of the century. We need a peaceful international environment to ensure our development and the success of our great goal. We love peace.

Recently, the Third Plenary Session of our Party's Twelfth Central Committee adopted the "Decision on Reform of the Economic Structure". The reform of the economic structure is now focused on the cities. Reform in the cities is more complicated than in the countryside. Some minor problems may arise in the process, but it doesn't matter. The correctness of the resolution adopted at the Plenary Session will be borne out in three to five years' time. Our economic development will be accelerated by adhering to the principles embraced in the decision.

The experience, if there is some to speak of, gained in our achievements is that in these years we have reaffirmed the principle of seeking truth from facts advocated by Comrade Mao Zedong. The Chinese revolution owes its success to Comrade Mao Zedong, who blazed a Chinese road by integrating Marxism-Leninism with Chinese realities. In our present development programme, we shall do likewise. It is precisely because, in accordance with this principle, we have been following our own road in these five years that our rural reforms have been successful. The recently-adopted resolution on focusing our reforms on the cities is another example of following our own road by integrating the fundamental principles of Marxism-Leninism with Chinese realities. This is the experience we have derived from our setbacks. We may make mistakes in future. But we shall, first of all, avoid big ones and, second, correct anything untoward as soon as it is discovered.

THE PRINCIPLES OF PEACEFUL COEXISTENCE ARE FULL OF VITALITY

October 31, 1984

In opening itself to the outside world, China is not just opening to such developed countries as the United States, Japan and those in Western Europe. This is only one aspect of our policy. Another is the South-South co-operation. A third is our opening to the Soviet Union and the East European countries. Altogether there are three major regions. There are many poor countries in the world. They all have special features of their own and the desire and possibility for development through co-operation. South-South co-operation is full of promise. There is much to be achieved.

There are two outstanding issues in the world today. One is the question of peace, the other the relationship between North and South. We find many other problems too. But none is as important as the above two in global, strategic and overall significance. In the present-day world the North is developed and rich whereas the South is underdeveloped and poor. And, relatively speaking, the rich are getting richer and the poor poorer. The South wants to change its state of poverty and backwardness, and the North needs the development of the South. For where can the North find a market for its products if the South remains underdeveloped? The biggest problem facing the developed capitalist countries is the pace

Main points from a talk with Burmese President U San Yu.

of continued progress and development. In this connection, there is another side to South-South co-operation. It can promote North-South co-operation.

The Five Principles of Peaceful Coexistence provide the best way to handle the relations between nations. Other ways such as "the socialist community", "bloc politics" and "spheres of influence" lead to conflict, thus sharpening international tensions. Looking at the history of international relations we find that the Five Principles of Peaceful Coexistence are full of vitality.

Let us take the matter a step further. These principles probably would help as well when applied to solve a country's internal problems. The approach of "one country, two systems" we have proposed in line with Chinese realities to reunify the nation is likewise an embodiment of peaceful coexistence. To settle the Hongkong question we are allowing Hongkong to keep its capitalist system unchanged for 50 years. The same principle holds true for Taiwan. Taiwan may also retain its army, as it differs from Hongkong. In calling for the reunification of China by means of the "Three People's Principles", the Taiwan authorities lack, to say the least, a sense of reality. Is reunification possible by subordinating the mainland, with its billion people, to the current system in Taiwan with its population of a dozen million or so? Time and again we have advised the Taiwan authorities to abandon such thinking. A method should be devised by which neither side would swallow up the other. The one billion people on the mainland will continue to build socialism, while Taiwan may go on with its capitalism. Beijing will send no one to Taiwan. Isn't this a case of peaceful coexistence? Therefore, the principles of peaceful coexistence provide a good solution not only to international issues, but also to domestic problems as well.

The principles of peaceful coexistence can be applied to defuse explosive issues in international disputes. For instance, the question of Taiwan constitutes the main obstacle to better relations between China and the United States, and it is even possible that this could develop into a crisis between the two nations. If the "one country, two systems" approach is adopted, not only would China be reunified, but the interests of the United States would not be impaired. There is a group of people in the United States today who, inheriting the mantle of "Dulles-ism", regard Taiwan as a U.S. "aircraft carrier" or within the U.S. sphere of influence. Once the Taiwan question is solved through peaceful coexistence, this issue will be defused and these people will shed their illusions accordingly. This would be a very good thing for the peace and stability of the Pacific region and the rest of the world.

THE ARMY SHOULD BE SUBORDINATE TO THE GENERAL INTEREST OF NATIONAL DEVELOPMENT

November 1, 1984

I am going to discuss the matter of considering the general interest. By general interest I mean our national development. Our nation is indeed full of vitality and is thriving everywhere. Even foreigners share our view and say so. This situation has been in existence for the last five years, and particularly for the last three years when our rural policies began to yield results. This increases our confidence. Why is it that we are now in a position to embark on reforms in the cities, or "to touch the tiger's backside", so to speak? I should say that the reforms are not without certain risks. A recent case in point was the run on consumer goods in Beijing. And it was not confined to Beijing. The same thing happened in many other cities, too. We have foreseen all this. Why are we not afraid of it? Because we have quite a plentiful supply of consumer goods to fall back on, the sight of which reassures the people. The target set by our Party's Twelfth National Congress is to quadruple our annual industrial and agricultural product by the year 2000, which, I can say with certainty, will be achieved. The targets set for major products in the Sixth

Excerpts from a speech delivered at the forum held by the Military Commission of the Central Committee of the Chinese Communist Party.

Five-Year Plan were met in the first three years, so that everything produced this year and the next is a surplus. In the past we planned a 6.5 per cent average annual growth rate in the first 10 years (1980-90) and a 7.2 per cent growth rate in 20 years. Now I can tell foreigners without hesitation that we will meet this target. We used to say that it would take an immense effort on our part, which is still true. But now we are in a position to say that we will reach it. At the Plenary Session of the Party's Central Advisory Commission, I said that this was a matter of utmost importance. Although our per capita GNP will not amount to much and will mean only a comparatively comfortable living standard, our country will become more powerful in terms of national strength. So, it is doubly significant. A trillion U.S. dollars! That's our national strength. Now, encouraged by the experience gained in rural reforms, we have made up our minds to begin urban reforms, or an all-round reform. Of course, it will take us three to five years, or three years in my opinion, before we can determine whether the reform will work out.

One aspect involves opening up to the outside world and the other invigorating our domestic economy. Reform means invigorating the economy. To do so means opening up at home, or an aspect of the same policy. We are opening up in our relations with foreign countries and are doing the same at home. Some of our people are not clear about the former, mistaking it for opening to the West only, when in fact we mean three regions. Yesterday, I had a talk with Burmese President U San Yu about the three regions. One is the developed countries in the West, which constitute our chief source of foreign funds and technology. The second is comprised of the Soviet Union and the East European countries. Even though state-to-state relations are not normal, exchanges can go on, for instance, in commercial transactions, technology and even in joint

ventures, technical innovations and innovations with regard to the 156 projects. They have a part to play in all these respects. The third region is the developing countries of the Third World, each of which has its special characteristics and strong points and provides enormous potentialities. Hence, opening to the outside world involves three regions, not just one. Invigorating our domestic economy and reforming our economic structure will proceed more rapidly than expected, which means a promising future. Some problems may crop up in the process. Never mind, there is nothing to be afraid of, because we shall move step by step, reviewing our work as we go, and try to correct promptly anything that goes wrong. However, there will be no fundamental changes, not with regard to our major policies.

What is essential now is that the Party, government, army and people across the land work wholeheartedly for the general interest of national development, taking it into account in everything they do. The army has its role to play here. It must do nothing harmful to the general interest and must work in compliance with it and in subordination to it. Being related to national development, all branches of our armed forces should devise ways to assist and actively participate in it. The air force, navy and the Commission in Charge of National Defence Science, Technology and Industry should divert some of their resources to foster the development of the national economy. For instance, the air force can spare some airports for civilian or both military and civilian use to help the state develop civil aviation. The navy can earmark some of their harbours for both military and civilian use and some others for civilian use only, to help increase the handling capacity of the nation's harbours. Our national defence industry is well equipped and there is a huge contingent of technicians, which should be put to full use in the entire undertaking of national development

in order to help boost civil production in a big way. All this is for the good. In short, everybody should proceed from the general interest, always bear it in mind and help develop the national economy by all possible means. A developed economy will make things easier for us. Once the general situation is improved and our national strength greatly increased, it will not be too difficult for us to produce a few more atom bombs, missiles and modern equipment, whether for air, sea or land.

Another question is training people for both military and civilian jobs, which is also in the general interest. Our army has been doing a good job in this respect and has much to its credit. That's fine. Our army trains these people out of consideration for the general interest of national development, and local authorities will warmly welcome these trainees. Such training will make it easier for demobilized cadres and soldiers to be transferred to civilian jobs. Comrade Yu Qiuli told me that soldiers trained in raising pigs can readily find jobs. And drivers are in great demand. Our army has trained a large number of personnel with special technical skills, and it would mean support for local communities to transfer some of them to various civilian trades and professions. Therefore, we should step up our work of training people for both military and civilian jobs.

I hope the comrades present here will educate cadres at all levels to concern themselves with the general interest of the state, which is, to develop our country over the coming 20 years, or, to be exact, the 16 years from now to the year 2000. Our army should be subordinate to the general interest of national development in everything it does.

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